

## Bill Would Boost Scholarships and Reduce Loan Costs at No New Taxpayer Expense

Washington - U.S. Rep. Charlie Wilson (D-OH) today voted to approve legislation that would make the single largest investment in college financial aid since the 1944 GI Bill, helping millions of students and families pay for college - and doing so at no new cost to U.S. taxpayers.

The legislation, the College Cost Reduction Act of 2007 (H.R. 2669), which the House passed by a vote of 273-149, would boost college financial aid by about \$18 billion over the next five years. The legislation pays for itself by reducing excessive federal subsidies paid to lenders in the college loan industry by \$19 billion. It also includes nearly \$1 billion in federal budget deficit reduction. The Senate is expected to vote on similar legislation this month.

"College shouldn't be an opportunity available only for the elite. I'm thrilled we're making higher education more accessible to hard working American families like those in Ohio," said Wilson.

Under the legislation, the maximum value of the Pell Grant scholarship would increase by \$500 over the next five years. When combined with other Pell scholarship increases passed or proposed by Congress this year, the maximum Pell Grant would reach \$4,900 in 2008 and \$5,200 in 2011, up from \$4,050 in 2006, thus restoring the Pell's purchasing power. About 6 million low- and moderate-income students across the country would benefit from this increase. 224,615 Ohio students alone could benefit from the increase in the Pell Grant.

The legislation would also cut interest rates in half on need-based student loans, reducing the cost of those loans for millions of student borrowers. Like legislation passed by the House earlier this year, the College Cost Reduction Act would cut interest rates from 6.8 percent to 3.4 percent in equal steps over the next five years. Once fully phased-in, this would save the typical student borrower - with \$13,800 in need-based student loan debt - \$4,400 over the life of the loan. About 6.8 million students take out need-based loans each year. In Ohio 173,312 students take out need-based loans each year at 4-year public schools.

In addition, the legislation would prevent student borrowers from facing unmanageable levels of federal student debt by guaranteeing that borrowers will never have to spend more than 15 percent of their yearly discretionary income on loan repayments and by allowing borrowers in economic hardship to have their loans forgiven after 20 years.

The College Cost Reduction Act includes a number of other provisions that would ease the financial burden imposed on students and families by the cost of college, including:

- o Tuition assistance for excellent undergraduate students who agree to teach in the nation's

public schools;

- o Loan forgiveness for college graduates that go into public service professions;
- o Increased federal loan limits so that students won't have to rely as heavily on costlier private loans;
- o New tuition cost containment strategies; and
- o Landmark investments in Historically Black Colleges and Universities, Hispanic Serving Institutions and minority serving institutions.

President Franklin Roosevelt signed the GI Bill into law in 1944. The original law enabled 7.8 million veterans of the Second World War to participate in education or job training programs.

A broad coalition of student advocacy groups and labor organizations support the College Cost Reduction Act.

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